

# INTRODUCTION

## 1.1 STRATEGIC OBJECTIVE

*The federal government's objective is to create jobs and prosperity by assisting Canadian firms to take full advantage of international business opportunities, and by facilitating the flow of investment and technology.*

Canada relies on trade for jobs and growth more than any other industrialized country. We have a relatively small domestic economy. We need access to the global marketplace to realize our full potential. Every conceivable scenario for the future evolution of Canada's economic and social policy recognizes a significant and growing role for international trade, investment and technology.

- **Foreign direct investment (FDI)** helps create 1.3 million jobs, over half of all exports, and three-quarters of manufacturing exports. Globally as well as in Canada, FDI is growing faster than trade, and is responsible for increasing amounts of international trade. Recent research estimates that over a five-year period, \$1 billion in new FDI creates 45 000 jobs and \$4.5 billion in GDP. The benefits of international investment also include technology transfers and spillovers, international management expertise, production know-how, and product innovation.

### More exports, more growth, more jobs...

Inflation-adjusted export growth and new jobs in Canada, 1993-98

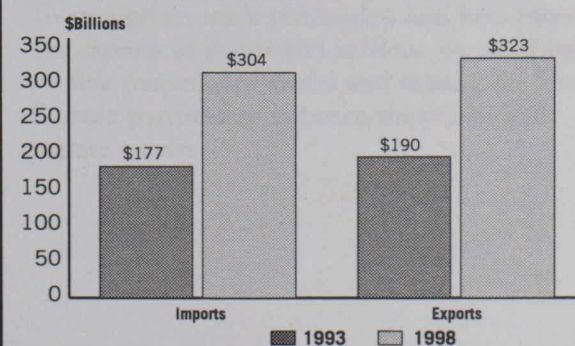
Years	Real total exports to real GDP ratio	Real GDP growth rate	Real total export growth rate	Employment growth (in thousands)	Employment growth rate
1993	29.5%	2.3%	10.9%	173	1.4%
1994	31.8%	4.7%	13.1%	277	2.1%
1995	33.8%	2.6%	8.8%	214	1.6%
1996	35.3%	1.2%	5.9%	170	1.2%
1997	36.7%	3.8%	8.0%	265	1.9%
1998	38.6%	3.0%	8.1%	385	2.8%

Source: DFAIT/Trade and Economic Analysis Division (EET)

- Canada is the most open of the G-7 countries, with total trade (exports plus imports) representing over 78 percent of our Gross Domestic Product (GDP). More than 40 percent of our GDP is attributable to **export trade** (goods and services), and since the early 1990s our global exports have more than doubled. Almost two out of five of the more than 1.4 million jobs created in Canada since 1993 are export-based, and some 3 million workers owe their jobs directly to foreign markets. An analysis conducted by the Government of Canada in 1997 showed that \$1 billion in new exports creates or sustains approximately 11 000 jobs.

### Canadian Merchandise Trade

Goods exports, imports and trade balance, 1993 and 1998



Source: DFAIT/Trade and Economic Analysis Division (EET)